GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1916
ANSWERED ON:29.11.2002
FOREX TRANSACTIONS
DR. KIRIT SOMAIYA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Forex transactions within India have become live settlement from November, 2002;

(b) whether Clearing Corporation has started live foreign exchange transactions of Indian banks from November, 2002;

(c) if so, the benefits thereof;

(d) the concept of Clearing Corporation of India Limited; and

(e) the manner in which it is beneficial for Indian economy ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE & COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)
(a): Reserve Bank of India (RBI) has reported that the Clearing Corporation of India Limited (CCIL) has commenced its forex clearing operations from 8th November 2002.

(b) & (c): Yes Sir. The forex settlement system of CCIL will provide a platform for multilateral netting of inter-bank USD/INR transactions which will result in substantial reduction in the settlement risk of counterparty banks, cost reduction and prompt reconciliation of accounts.

(d) & (e): CCIL acts as a centerlised clearing house for clearing and settlement of trades in Government securities, other debt, money market instrument and inter bank USD/INR transactions. It will ensure efficient and orderly settlement while providing operational flexibility at lower cost to its members and the settlement through CCIL will enhance the safety of the markets.